

European BACKGROUND INFORMATION Community

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BACKGROUND NOTE

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SOAMES INVITES EAST BLOC PARTICIPATION IN SEARCH FOR NEW ECONOMIC ORDER

"State trading countries should play a greater part in the wider system of international economic cooperation that is now being built,...for the stability and growth in their markets abroad (especially in the European Community) have a very important bearing upon their own economic prospects at home," according to EC Commission Vice President Christopher Soames.

Soames made this comment in an address before the Romanian Association of International Relations in Bucharest on January 8, the first day of a two-day unofficial visit to the Romanian capital. It was the first time a member of the EC Commission had visited an East Bloc country.

During his stay in Bucharest, Soames met with Romanian President Nicholas Ceausescu, Vice Prime Minister and Minister for Foreign Trade Ion Patan, and Foreign Minister George Macovesco. Conversation ranged over current major international economic questions, bilateral relations, and the Community's relations with the Committee for Mutual Economic Assistance (COMECON). The Romanians also told Soames that they would like to negotiate a bilateral textiles agreement with the Community under the "Multi-fiber Agreement" within the General Agreement on Tariffs and Trade (GATT).

"Progressive Interdependence" Between Nations

In his address, Soames noted that as the world economy pulls out of "the most pronounced and protracted recession since the 1930's," it is increasingly marked by "progressive interdependence" from which no nation or group of nations can escape.

As a leading commercial power, accounting for a fifth of all world trade outside its borders, the Community has reduced its common external tariff to one of the lowest in the world and opened its doors to exports from developing countries through the Lome Convention and its system of generalized preferences, in which Romania participates.

But while such efforts have boosted commerce with many countries, EC trade with Eastern Europe has grown slowly and accounts for "less than 10 per cent" of total Community trade, Soames remarked. Although reasons and circumstances vary, Soames

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surmised that the level of trade between East and West Europe remains low because external trade "plays a less important role in the economies of socialist countries," where the government, rather than market forces, determines the amount of raw materials and other resources to be devoted to export production.

In developing a more effective framework for East-West trade, "we see no reason why closer bilateral relations between East European nations and the Community should hinder the development of good working relations with COMECON," Soames continued. "The Community desires that its relations with the socialist countries should be established on a normal basis and conducted as naturally as they are with all the other countries of the world."

As far as improvement in East-West trade links are concerned, Soames said "The Community readily accepts the objective of reducing the limits that quantitative restrictions impose upon the exports of state-trading countries and we should do what we can to see that the EC common farm policy does not damage traditional East European agricultural exports."